
OLR Bill Analysis

sSB 1003 (File 201, as amended by Senate "A")*

AN ACT CONCERNING THE CONNECTICUT AIRPORT AUTHORITY.

SUMMARY:

This bill establishes the Connecticut Airport Authority (CAA) to develop, improve, and operate Bradley International Airport, the state's five other general aviation airports (Danielson, Groton/New London, Hartford Brainard, Waterbury-Oxford, and Windham airports), and any other airports it subsequently owns, operates, and manages.

It allows CAA to do this by issuing its own bonds and assuming many of the duties and functions currently performed by the Department of Transportation (DOT) and Bradley International Airport's board of directors. CAA must back the bonds only with the revenue it generates from operating the airports. It may assume DOT's airport-related duties and functions under a memorandum of understanding with the DOT commissioner. CAA may acquire and lease property.

CAA is governed by an 11-member board consisting of gubernatorial and legislative appointees and state officials. The board replaces the existing Bradley International Airport Board of Directors. The CAA board has many of the Bradley board's powers plus the power to hire staff, retain consultants, procure goods and services, apply for federal and state funds, enter into contracts, borrow money, and issue CAA's bonds.

The bill makes CAA a successor employer to the state and requires it to recognize existing state bargaining units and collective bargaining agreements. It requires existing DOT aviation employees to be transferred, with their positions, to CAA. The bill prohibits any DOT

employee in a bargaining unit from being laid off because of CAA's creation.

The bill makes many conforming changes.

*Senate Amendment "A" makes many changes to the underlying bill, including increasing CAA's board from nine to 11 members, delineating CAA's powers, providing a procedure for transferring DOT's airport related functions to CAA, granting CAA independent budgeting authority, requiring CAA to ensure that the state's airports further economic development, and assigning specific regulatory tasks to CAA.

EFFECTIVE DATE: July 1, 2011

§§ 2, 16, 18, & 19—QUASI-PUBLIC AGENCY

The bill establishes CAA as a quasi-public agency to develop, maintain, and operate Bradley International Airport, the state's general aviation airports, and other airports, functions currently performed by DOT and the Bradley International Airport Board of Directors. In doing so, it distinguishes Bradley International Airport from the other five state-owned airports by designating the latter "general aviation airports" and requires CAA to comply with all federal obligations the state incurred with respect to these airports.

As a quasi-public agency, CAA has perpetual succession as a body politic and corporate and may adopt bylaws to conduct business and regulate its affairs. It can also adopt and alter an official seal. The authority must continue operating until it repays its bonds and meets its other obligations.

CAA must comply with the same conditions and requirements that currently govern the other quasi-public agencies. It cannot issue bonds or other debt guaranteed by the state or backed by a state-capitalized or guaranteed capital reserve without the treasurer's approval. CAA's employees must comply with the state code of ethics. The employees also enjoy the same indemnity as state employees.

CAA's accounts must be audited by the state auditors.

§12 & 15 — TRANSFER OF POWERS, DUTIES, AND FUNCTIONS

It transfers to CAA all such powers and duties exercised by the Office of Policy and Management (OPM), Department of Administrative Services, Department of Information Technology, State Property Review Board (SPRB), and Contracting Standards Board.

But it allows CAA to exercise those powers and duties it shares with DOT only if the DOT commissioner agrees. CAA and the commissioner must execute a memorandum of understanding (MOU) establishing their respective functions and duties. CAA and DOT's Aviation Bureau must do all things necessary to transfer control over Bradley, the general aviation airports, and any other airport to CAA. The bill specifies that once DOT transfers a power, duty, asset, fund or account, or contract to CAA, DOT's responsibilities and liabilities for them ceases.

Once DOT and CAA execute the MOU, DOT's airport and aviation related regulations pass to CAA, becoming its duly adopted regulations. Any subsequent changes to these regulations must be made by CAA as the law provides.

CAA must execute a memorandum of understanding with the treasurer regarding CAA's use of the Bradley Enterprise Fund. The comptroller may establish funds and accounts to implement CAA's MOU with DOT.

The bill requires the DOT commissioner to prepare for transferring functions and personnel to CAA. It directs him to do so by creating an aviation bureau responsible for consolidating all staff in collective bargaining units who primarily manage and operate Bradley and the general aviation airports. The bureau must manage, operate, develop, and arrange the transfer of DOT's jurisdiction and control of Bradley, the general aviation airports, and other airports to CAA as required by the MOU between it and DOT.

§§ 2 & 3 — ORGANIZATION STRUCTURE

Board of Directors

Composition. The bill creates an 11-member board to govern CAA. The top four legislative leaders each appoint one member and the governor appoints four. The three remaining members are the treasurer and DOT and Economic and Community Development commissioners, or their designees, who serve on the board ex officio.

Qualifications. Board members must have business and management experience and include experts in financial planning, budgeting and assessment, marketing, master planning, aviation, and transportation management.

Surety. The board members and the executive director must post surety bonds, and the bill provides two options for doing so:

1. the board chairman can execute a bond covering all members and the director or
2. each member posts a \$50,000 bond and the director a \$100,000 one.

CAA must pay for the bonds.

Terms. The initial members serve four-year terms, except for two of the governor's appointees who serve two-year terms, and may begin serving immediately upon appointment, but not past the sixth Wednesday of the next legislative regular session unless the governor nominates them the same way he nominates department heads.

After the initial terms expire, all appointed members serve four-year terms that begin on July 1 of the year appointed. All of the appointees are subject to legislative confirmation.

Officers. The governor appoints the chairperson, who serves a four-year term. The board elects from its members the vice chairperson and other necessary officers. It must fill vacancies among the officers within 30 days after the vacancy occurs the same way it filled the position.

Conflict of Interest. The bill specifies how board members can serve without incurring a conflict of interest. Members with a financial interest in a person, firm, or corporation or who serve as trustees, directors, partners, or officers of these entities can avoid such conflicts by not deliberating, acting, or voting on any matter affecting the entities.

Members may engage in private employment or in a profession or business, subject to any federal or state laws, regulations, and rules regarding ethics and conflict of interest. They are not compensated as board members, but can be reimbursed for expenses incurred in performing official duties.

Members must comply with the code of conduct the bill requires them to adopt.

Conducting Business. Members may not designate a representative to perform in their absence. Directors are deemed to have resigned if they do not attend (1) three consecutive meetings or (2) at least half of all board meetings in a calendar year. Any vacancies occurring before a term expires must be filled for the remainder of the term by the same appointing authority that filled the original position.

The board can meet and conduct business if at least six members are present and may decide matters by a majority of those present. It can also delegate powers and duties to six or more members. The board must adopt bylaws to conduct business and appoint necessary committees and advisory boards.

The board must adopt written procedures for:

1. adopting annual budgets and operating plans;
2. hiring, dismissing, and compensating employees;
3. acquiring real and personal property and procuring personal services;
4. contracting for professional services;

5. issuing and retiring bonds and other debt;
6. awarding financial assistance; and
7. using surplus funds to the extent the bill allows.

Removing Members. Any member's appointing authority can remove a member for misconduct, neglecting to perform his or her duty, or being inefficient. But the appointing authority must first give the member a written copy of the charges and an opportunity to be heard, which must occur within 10 days after receiving the appointing authority's notice. If the appointing authority removes the member, the appointing authority must file a document with the secretary of the state stating the charge and the findings and a complete record of the proceedings.

Executive Director

The board appoints CAA's executive director, who serves at its pleasure and is exempt from the classified service. The director must generally direct and supervise CAA's administrative affairs and technical activities and perform several administrative and managerial tasks the bill specifies. The board determines the director's compensation.

POWERS

§ 3 — Administrative

The bill gives CAA many powers needed to develop, maintain, and operate Bradley, the general aviation airports, and the other airports. Many are similar to those exercised by the other quasi-public agencies, including:

1. maintaining offices,
2. acting in its own name,
3. entering into contracts and agreements,
4. borrowing money,

5. issuing bonds and incurring other debt,
6. preparing plans and budgets,
7. hiring employees and retaining consultants,
8. accepting aid and contributions from any source,
9. adopting policies and procedures,
10. auditing and accounting for its funds and those of its recipients,
and
11. reporting annually to the governor and the Transportation and
Commerce committees.

The bill allows CAA to acquire, lease, and dispose of real property and acquire personal property. It exempts CAA's real property transaction from review and approval of any state agency, but prohibits it from conveying any airport land under its jurisdiction and control without the SPRB's and the attorney general's approval.

The other powers are more related to running airports and include:

1. developing organizational and management structures;
2. establishing operational rules and procedures;
3. setting rates, rents, fees, and charges;
4. approving airport master plans and marketing policies;
5. approving airport-related safety, security, and federal certification plans, procedures, and specifications for the airports under its control;
6. managing and administering federal aviation funds for these airports;
7. establishing customer service standards and similar measures;
and

8. approving community relations policies.

The bill also allows CAA to:

1. ensure that Bradley, the general aviation, and other airports serve as regional and state economic development resources;
2. license airports and heliports consistent with state and federal rules and regulations; and
3. manage and administer the state's aircraft registration program.

§ 14 — AIRPORT PROPERTY

The bill allows the DOT commissioner to transfer to CAA any interest or right in any airport, restricted landing area, or other navigation facility DOT acquired. He may do this only with CAA, SPRB, and the attorney general's approval.

The bill gives CAA control over any airport or restricted land area it owns, leases, controls, operates, or manages. It specifically allows CAA to sell, lease, or grant an interest in property it owns, leases, operates, or manages, including hangars, shops, or buildings. But it prohibits CAA from granting any exclusive rights to use any airway, airport, restricted landing area, or other navigation facility under its jurisdiction.

The bill allows CAA to acquire title, interest, or rights in any such facilities in private or municipal airports. It also allows CAA to purchase or acquire any interest in any land, building, equipment, or facility it leased or granted in an airport or airport site.

The bill also allows CAA to provide parking, regulate traffic, and execute mutual fire protection agreements with municipalities.

FISCAL POWERS

§§ 6-8 — *Bonding*

The bill authorizes CAA to issue bonds with up to 40-year terms for financing improvements at Bradley, the general aviation airports, and other airports, and requires CAA to repay them with the revenues

these facilities generate. In addition to these revenue bonds, the bill allows CAA to issue refunding bonds and temporary notes. CAA is solely liable for its bonds and the state and its political subdivisions are not obligated to repay them.

The bill specifies how CAA may issue the bonds and the terms and conditions for doing so. It requires CAA to secure the principal and interest payments on the bonds by pledging its revenues. It also allows CAA to secure the bonds by executing a trust indenture between it and a bank or trust company and creating special capital reserves. The bill also secures the bonds by subjecting them to a lien immediately after CAA issues them.

The bill assures the bond holders that state and local entities may invest in CAA's bonds and that the state will not limit or alter CAA's rights until CAA repays them. The bill also exempts the principal and interest payments on the bonds from all taxes except the estate and gift tax, but requires taxpayers to include the interest payments when they compute excise or franchise taxes.

The bill allows CAA to use the proceeds from the bond sales to:

1. cover construction costs, including administrative, labor, and material expenses;
2. acquire land and interests needed to construct or operate facilities and any subsequent damage costs;
3. purchase machinery and equipment needed for these purposes; and
4. capitalize reserve funds for repaying the bonds.

§ 9 — Airport Revenues

Bradley and the state's other general aviation airports generate revenues from the rates, fees, rents, and charges they collect from people and entities that use their facilities. The bill authorizes CAA to do the same, fixing and adjusting them to generate enough revenue to:

1. maintain, improve, repair, and operate airport facilities;
2. repay bonds and other obligations; and
3. create and maintain reserves.

§ 9 — Budgeting

The bill requires CAA to designate its fiscal year and adopt, at least 30 days before the start of that year, an annual operating budget for Bradley, the general aviation airports, and any other airports. Besides providing funds to cover operating expenses, debt obligations, and reserves, the budget must estimate the revenues CAA expects its rates, rents, fees, and charges will generate.

In preparing the budget, CAA must comply with the laws that currently apply to state employees and state property. Regarding the former, the bill specifies that all pension, retirement, and other similar benefits continue as though they were funded out of the state's General Fund.

Current law requires DOT to prepare an annual operating budget for Bradley Airport estimating rate, rental, and fee revenues and showing anticipated operating costs, scheduled bond payments, and required reserves and sinking funds. It also requires DOT to submit the budget to the OPM secretary for approval.

§§ 13 & 15 — PERSONNEL

Successor Agency

The bill makes the authority a successor employer to the state and requires it to recognize existing state bargaining units and collective bargaining agreements (CBA). The bill deems CAA's employees to be state employees, and its officers and employees are considered state employees for collective bargaining purposes and health and retirement benefits. It also requires CAA to reimburse the appropriate state agencies for the subsequent costs.

Hiring

The bill authorizes CAA, not the Executive Branch, to determine if

an individual is qualified to fill a vacancy. It exempts CAA from complying with state hiring policies and procedures and from needing the Executive Branch's approval to create new positions and fill them. Under the bill, CAA's employees who are covered by a collective bargaining agreement are in the classified service; managerial employees and other employees who are not covered by a collective bargaining agreement are exempt from the classified service. The bill allows CAA to establish compensation and incentive plans for managers.

Transfers

The bill requires existing DOT aviation employees to be transferred, with their positions, to CAA if and when the DOT commissioner transfers the functions they perform to CAA. If CAA does not create enough positions for all of them, it must base its offers to transfer on statutes or the collective bargaining provisions governing seniority. Anyone covered by a CBA who transfers to CAA retains his or her position and remains in the same bargaining unit as at DOT.

No DOT employee in a bargaining unit can be laid off because of CAA's creation, unless they choose to be. This rule applies to employees who decline transfer to CAA and those for whom CAA has no slots. Employees no longer employed by DOT must be retained by it or assigned, with their position, to another state agency, based on seniority according to the State Employees Bargaining Agreement. The OPM secretary must approve all transfers.

Those employees who choose to be laid off are entitled to be rehired according to their respective union contracts and the CBA. Laws concerning quasi-public agencies, the Division of Special Revenue, and the Connecticut Lottery Corporation will not affect DOT employees' collective bargaining rights.

New Classifications

CAA's board of directors may create new employee classifications, which the bill exempts from classified service. Starting July 1, 2011, the authority may hire employees into unclassified positions and set the

initial terms and conditions of employment without regard to a CBA.

Collective Bargaining

The Executive Branch negotiates for the CAA and represents it in collective bargaining; the authority may have a representative present at the bargaining meetings.

Arbitrators dealing with CAA employees must consider the laws governing arbitration for state employees and the laws concerning quasi-public agencies, the Division of Special Revenue and Gaming Policy Board, and Connecticut Lottery Corporation; the authority's entrepreneurial mission; and the need for flexibility and innovation.

§§ 11 & 5 — REPORTS

CAA must annually submit a performance report to the governor and the Transportation and Commerce committees by December 15. The report must:

1. summarize CAA's activities,
2. include complete operating and financial statements, and
3. recommend legislation to promote CAA's purposes.

CAA's board of directors must also submit a copy of CAA's independent audit to the governor and the legislature within seven days after receiving it. It must send copies to the Appropriations, Commerce, and Transportation committees.

COMMITTEE ACTION

Commerce Committee

Joint Favorable
Yea 17 Nay 0 (03/08/2011)

Transportation Committee

Joint Favorable
Yea 35 Nay 0 (04/06/2011)

Labor and Public Employees Committee

Joint Favorable

Yea 9 Nay 0 (04/19/2011)

Government Administration and Elections Committee

Joint Favorable

Yea 12 Nay 0 (04/27/2011)

Finance, Revenue and Bonding Committee

Joint Favorable

Yea 51 Nay 1 (05/10/2011)

Appropriations Committee

Joint Favorable

Yea 53 Nay 1 (05/23/2011)